

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

Centric Brands Inc., *et al.*,¹

Debtors.

Chapter 11

Case No. 20-22637 (SHL)

(Jointly Administered)

**ORDER (I) APPROVING SETTLEMENT WITH GBG USA INC. AND
ITS AFFILIATES PURSUANT TO FEDERAL RULE OF BANKRUPTCY 9019,
(II) AUTHORIZING THE DEBTORS TO REJECT THAT CERTAIN TRANSITION
SERVICES AGREEMENT AND SUBLICENSE AGREEMENT WITH GBG USA INC.
EFFECTIVE AS OF NOVEMBER 30, 2020, AND (III) GRANTING RELATED RELIEF**

Upon the Motion² of the Debtors for entry of an order pursuant to section 105(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) (i) approving the settlement between the Debtors and GBG, as embodied in the Settlement dated October 6, 2020, a copy of which is attached hereto as **Exhibit 1**; (ii) authorizing the Debtors’ to reject the TSA and Sublease effective as of November 30, 2020; and (iii) granting related relief; and this Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court

¹ The Debtors in these chapter 11 cases, for which joint administration has been granted, along with the last four digits of their federal tax identification numbers, are as follows: Centric Brands Inc. (8178); Added Extras LLC (5851); American Marketing Enterprises Inc. (9672); Briefly Stated Holdings, Inc. (9890); Briefly Stated Inc. (6765); Centric Bebe LLC (2263); Centric Brands Holding LLC (3107); DBG Holdings Subsidiary Inc. (4795); DBG Subsidiary Inc. (6315); DFBG Swims, LLC (8035); F&T Apparel LLC (9183); Centric Accessories Group LLC (3904); Centric Beauty LLC (8044); Centric Denim Retail LLC (1013); Centric Denim USA, LLC (9608); Centric Jewelry Inc. (6431); Centric Socks LLC (2887); Centric West LLC (3064); Centric-BCBG LLC (5700); Centric-BCBG Retail LLC (4915); HC Acquisition Holdings, Inc. (4381); Hudson Clothing, LLC (2491); Hudson Clothing Holdings, Inc. (4298); Innovo West Sales, Inc. (8471); KHQ Athletics LLC (7413); KHQ Investment LLC (0014); Lotta Luv Beauty LLC (0202); Marco Brunelli IP, LLC (0227); RG Parent LLC (4002); RGH Group LLC (9853); Robert Graham Designs, LLC (1207); Robert Graham Holdings, LLC (0213); Robert Graham Retail LLC (7152); Rosetti Handbags and Accessories, Ltd. (2905); and VZI Investment Corp. (5233).

² All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and due and sufficient notice of the Motion having been given under the particular circumstances, and it appearing that no other or further notice is necessary; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the “Hearing”); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and all parties in interest; and after due deliberation and sufficient cause appearing therefor, it is hereby **ORDERED THAT:**

1. The Motion is GRANTED.
2. The Settlement attached hereto as Exhibit 1 is hereby approved in all respects pursuant to Bankruptcy Rule 9019.
3. The GBG Claims are hereby satisfied and settled for \$0.00 as of the date of this Order.
4. The Debtors are authorized to:
 - a. replace the Disney Letter of Credit by November 29, 2020, indemnify GBG for any liability associated with the Disney Letter of Credit, and turn over to GBG any cash received on account of a letter of credit issued by GBG;
 - b. reject the TSA and Sublease, effective as of November 30, 2020, pursuant to section 365 of the Bankruptcy Code;
 - c. refrain from making payments on account of any postpetition services performed by GBG under the TSA through and including November 30, 2020, and refrain from paying any postpetition rent owed under the Sublease for June, July, August, October, and November 2020; and
 - d. release all claims against GBG whether such claims existed before or after the Petition Date, other than claims related to enforcement of the terms of the Settlement, and terminate all rights to indemnification or further payments or performance against GBG whether in tort or contract,

including arising out of the GBG Acquisition or any other agreement now in existence.

5. All agreements with GBG not otherwise addressed in the Settlement shall be deemed rejected as of the Effective Date of the Plan and all claims related to such rejection shall be waived, released and discharged and entitled to no distribution under the Plan.

6. The Debtors are authorized to direct Prime Clerk LLC as claims and noticing agent on or after the date of this Order to cause the Claims Register to be amended to reflect that the GBG Claims have been resolved as settled.

7. The Settlement may be modified, amended, or supplemented through a written agreement by and among the Settling Parties without further order of the Court.

8. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

9. This Court retains jurisdiction with respect to all matters arising from or related to the Settlement or enforcement of this Order, including the authority to interpret, implement, and enforce the terms and provisions of the Settlement and this Order.

Dated: October 29, 2020
New York, New York

/s/ Sean H. Lane
HONORABLE SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Settlement

Centric-GBG Settlement

1. Letters of Credit:	<ul style="list-style-type: none">a. Centric Brands Inc. (“Centric”) will replace the \$7M Disney letter of credit (the “Disney LC”) as of November 29, 2020b. Centric will indemnify GBG USA Inc. and its affiliates (together “GBG”)¹ for any liability associated with the Disney LCc. Centric and GBG agree to cooperate in good faith to ensure that Disney does not seek to draw on the Disney LC before November 29, 2020d. Other than the Disney LC, Centric has no obligation to post or renew any other letters of credit (each an “LC”) before October 29, 2021e. Subject to Section 1(d) above, GBG shall maintain all other LCs currently in place for Centric business through October 29, 2021; <i>provided</i>, however, that GBG shall have no obligation to renew any outstanding LC, and to the extent Centric receives any cash on account of any LC issued by GBG, Centric shall turn over any cash received on such LC to GBG
2. Transition Service Agreement:	<ul style="list-style-type: none">a. Centric will reject the Transition Services Agreement (“TSA”) effective as of November 30, 2020b. GBG shall not be due any further payment for the services GBG will provide under the TSA through November 30, 2020c. In the event that Centric requires certain services under the TSA beyond November 30, 2020, GBG and Centric agree to negotiate in good faith regarding the continued provision of such services as Centric may still require
3. Empire State Building (“ESB”):	<ul style="list-style-type: none">a. GBG and the ESB landlord shall enter into an agreement no later than October 5, 2020 providing for the termination of that portion of the premises that is contemplated to be leased by Centric, <i>i.e.</i>, the 4th floor, a portion of the 5th floor (Suite 500), and the 6th floor, such termination to be effective as of November 30, 2020 (the “Termination Agreement”)b. GBG agrees to release any claim for rent under its sublease with Centric (including base rent, additional rent, and utilities) for ESB for June, July, August, October, and November 2020

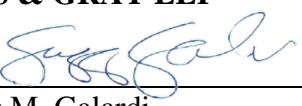
¹ For the avoidance of doubt, the defined term “GBG” shall not include Li & Fung (Trading) Limited, LF Credit Pte. Ltd., and LF Logistics USA LLC.

	<ul style="list-style-type: none"> c. Centric shall be deemed to have rejected its sublease from GBG as of November 30, 2020, or such other date as is mutually agreed d. Each of Centric and GBG agree to use commercially reasonable efforts to cooperate regarding the removal of its property and equipment located on the 5th floor from space to be occupied by the other party by October 15, 2020, or such other date as is mutually agreed
4. Mutual Release and Waivers:	<ul style="list-style-type: none"> a. Centric and GBG agree to a mutual release of all claims, whether such claims existed before or after the Petition Date, other than claims related to enforcement of the terms of this settlement b. Centric terminates all rights to indemnification or further payments or performance against GBG whether in tort or contract, including arising from the 2018 acquisition of certain GBG assets by Differential Brands Group, Inc. or any other agreement now in existence c. Other than as explicitly set forth herein, GBG agrees to settle, waive, and release any and all claims against Centric, whether in tort or contract, including arising from the 2018 acquisition of certain GBG assets by Differential Brands Group, Inc. or any other agreement now in existence d. If GBG files a petition for relief under the Bankruptcy Code, Centric hereby agrees it has waived and released all creditor claims that it could file in any such bankruptcy proceeding
5. Cooperation on Government Claims for Payment of Customs Duties	<ul style="list-style-type: none"> a. Centric and GBG agree to mutual cooperation in good faith regarding customs duties claims, litigation and movement of showrooms or other facilities arrangements in furtherance of this agreement, including reasonable sharing of information, in an attempt to limit liability for both Centric and GBG
6. Deadline for Centric Motion to Reject/Assume GBG Agreements Extended	<ul style="list-style-type: none"> a. GBG and Centric agree that Centric's deadline to file a motion to reject or assume those agreements with GBG that are not otherwise addressed above is extended to October 7, 2020, and rejection of any such agreements shall be effective as of the effective date of Centric's plan of reorganization

Dated: October 6, 2020

ROPES & GRAY LLP

/s/


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(other than Li & Fung (Trading) Limited,
LF Credit Pte. Ltd., and LF Logistics USA
LLC)*

Signature Page to Centric-GBG Settlement

Dated: October 6, 2020

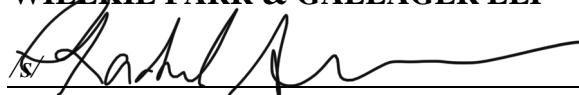
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Signature Page to Centric-GBG Settlement Term Sheet